Vol. 7, No. 30

Kentucky Energy Watch

July 27, 2006

Published by the Kentucky Office of Energy Policy

A weekly update of energy prices and issues to help leaders assess energy trends throughout the year.

Media Excerpts: A snapshot of state and national energy issues*

Energy Awareness Conference
Clarion Hotel, Louisville, KY - September 20, 2006

Kentucky loses FutureGen bid - Texas, Illinois make short list for $1 billion clean-coal plant. Kentucky was left off the list of four potential sites for a new cleaner-burning power plant, the U.S. Department of Energy and the FutureGen Industrial Alliance announced July 25. Two locations in Illinois and two in Texas were selected from 12 proposed sites in seven states. The $1 billion, near-zero-emissions coal project is expected to create more than 1,300 construction and 150 permanent jobs. The site is expected to be chosen in September 2007. The plant would begin operations in 2012. Andrew McNeill, acting executive director of the Kentucky Office of Energy Policy, said FutureGen officials will be briefing unsuccessful site candidates. McNeill said one factor that may have worked against Kentucky is that FutureGen officials prefer a flat site that does not require grading. "We knew there would have to be some earth moving related to the (Henderson) site," he said. "I still felt we put forth a very competitive site." McNeill said lessons learned from the FutureGen competition can be applied to future opportunities. "What we've learned is that the future of clean-coal technology is likely to include carbon sequestration and advanced combustion technology," he said. "Kentucky is positioned to reap some of the rewards of that." ("Kentucky loses FutureGen bid," *Courier-Journal*, 7/26/06)

Biodiesel facility planned in Louisville - Marathon adding to storage at terminal. Marathon Oil Corp. will add storage and distribution of biodiesel fuel at its Kramers Lane Terminal in Louisville, offering trucking fleets and operators of other diesel-powered vehicles a cleaner-burning alternative, the company said yesterday. Biodiesel is blended with diesel fuel in much the same way that ethanol is blended with gasoline. Louisville-area service stations sell gasoline that is 10 percent ethanol to help meet clean-air requirements. Melissa Howell, executive director of the Kentucky Clean Fuels Coalition, said by putting biodiesel at the terminal, "that enables distributors in the region to go to one place, pick up their diesel, pick up their bio -- it's already blended." (Biodiesel facility planned in Louisville," *Courier-Journal*, 7/25/06)

Kentucky's first four ENERGY STAR schools recognized. On July 20, Education Cabinet Secretary Virginia Fox and John Davies, the Office of Energy Policy's Director of the Division of Renewable Energy and Energy Efficiency, presented ENERGY STAR recognition awards to representatives from Warren County and Jefferson County Public Schools. The schools being recognized were Drakes Creek Middle School, Henry Moss Middle School, and Warren East Middle School in Warren County, as well as Isaac Shelby Elementary in Jefferson County. On May 31, Governor Ernie Fletcher recognized Kentucky's first four ENERGY STAR certified schools. These two school districts were acknowledged for their outstanding efforts to improve the energy efficiency of their buildings. ("Kentucky's first four ENERGY STAR schools recognized," *KOEP Press Release*, 7/21/06)

Biodiesel producer looking to expand. For more than six years, Northern Kentucky-based Griffin Industries has been a pioneer in the production of biodiesel fuel at its plant in Butler. With soaring crude oil prices creating record prices at the pump, the relatively tiny biodiesel operation is running 24 hours a day, seven days a week to crank out 2 million gallons of fuel annually as an alternative to petroleum-based fuels that keep the U.S. dependent on the Middle East. However, Griffin's 2 million gallons are just a thimble-full compared to an annual demand of somewhere around 40 billion gallons in the U.S. Strong demand and strong prices are two of the reasons why Griffin wants to build two new refineries. ("Biodiesel producer looking to expand," *Kentucky Post*, 7/20/06)

Oil prices rise as gasoline supplies shrink. Oil prices cruised higher Wednesday after U.S. government data showed a large drop in gasoline supplies, with summer demand almost 2 percent higher than last year despite $3-a-gallon pump prices. Markets also kept a close eye on developments in the Middle East. U.S., European and Arab officials held crisis talks in Rome, but failed to agree on an immediate plan to force an end to the fighting between Israel and Hezbollah guerrillas. ("Oil prices rise as gasoline supplies shrink," *MSNBC*, 7/26/06)

Offshore drilling bill advances in Senate. The Senate began work Wednesday on an election-year bill that would open a large area of the central Gulf of Mexico to oil and gas drilling, but would fall far short of a broader offshore energy development measure already approved by the House. By a vote of 86-12 the Senate agreed to proceed with the legislation that opponents fear could open the way to lifting a federal drilling moratorium that has protected 85 percent of the country's Outer Continental Shelf from New England to Alaska for a quarter century. ("Offshore drilling bill advances in Senate," *Washington Post*, 7/26/06)

Study cites plan to end U.S. oil imports. American imports of oil could be eliminated by 2030, a new study by an interstate consortium asserts, if the nation turns to an aggressive program of energy efficiency and commercialization of four already-demonstrated technologies for making transportation fuels. The study, sponsored by a nonprofit group of legislators and governors called the Southern States Energy Board, urges a crash program to meet fuel needs without imports, a strategy it says will lead to an American "industrial rebirth." It says that such a strategy could create more than one million new jobs, reduce the trade deficit by more than $600 billion, and end oil price shocks that hurt the economy. ("Study cites plan to end U.S. oil imports, *New York Times*, 7/15/06)

These are media summaries. Please consult the source directly to ensure the accuracy of the information presented. Underlined titles are links to online articles in their entirety.

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	07/26/06	07/19/06	07/12/06	07/05/06	Year Ago
Gasoline (State avg.)	2.942	2.932	2.902	2.856	2.180
Ashland	2.920	2.862	2.932	2.887	2.174
Covington	3.023	2.994	2.975	2.895	2.234
Lexington	2.954	2.936	2.869	2.849	2.188
Louisville	3.047	3.039	3.009	2.963	2.193
Owensboro	2.875	2.852	2.813	2.750	2.084
Diesel (State avg.)	2.904	2.893	2.880	2.852	2.297
Ashland	2.893	2.881	2.859	2.852	2.285
Covington	2.860	2.871	2.883	2.851	2.278
Lexington	2.919	2.910	2.911	2.902	2.331
Louisville	2.908	2.891	2.889	2.880	2.282
Owensboro	2.898	2.894	2.849	2.801	2.278

Note: The record high average price for gasoline in Kentucky is $3.049 and occurred on Sept. 3, 2005.
Source: Gasoline (unleaded regular) & Diesel: National AAA, http://www.fuelgaugereport.com/KYavg.asp

Wholesale Fuel Prices

Spot Prices	07/26/06	07/19/06	07/12/06	07/05/06	Year Ago
Crude Oil (Dollars per barrel) West Texas Intermediate, fob	73.95	72.67	74.95	75.19	59.21
Natural Gas (Dollars per MMBtu) Henry-Hub	6.710	5.890	5.660	5.570	7.480

Source: Oilnergy.com

Futures		Aug-06	Sept-06	Oct-06
Crude Oil (Dollars per barrel) Light Sweet Crude Oil	07/26/06	-	73.94	74.99
	07/19/06	72.66	74.77	75.74
	07/12/06	74.95	76.06	76.69
Natural Gas (Dollars per MMBtu) Henry-Hub	07/26/06	6.887	6.974	7.224
	07/19/06	5.862	5.984	6.269
	07/12/06	5.782	5.992	6.382
Propane (Cents per gallon)	07/26/06	117.75	118.25	118.75
	07/19/06	117.00	118.25	118.25
	07/12/06	115.75	117.00	117.00
Coal (Dollars per ton) Central Appalachian	07/21/06	45.30	-	-
	07/14/06	46.80	-	-
	07/07/06	46.65	-	-

Source: NYMEX closing price and EIA Coal Futures

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